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HOUSE OF THE PEOPLE

The following Bills were introduced in the House of the People on 27th February, 1953:—

BILL* No. 11 OF 1953

A Bill to provide for the distribution of a part of the net proceeds of certain Union duties of excise among the States.

BE it enacted by Parliament as follows:—

1. Short title.—This Act may be called the Union Duties of Excise (Distribution) Act, 1953.

2. Definition.—In this Act, the expression "Distributable Union duties of excise" means forty per cent. of the net proceeds of the duties of excise levied and collected under the Central Excises and Salt Act, 1944, (I of 1944) on matches, tobacco and vegetable product as defined in Items Nos. 2, 9, and 11 respectively of the First Schedule to that Act.

3. Distribution of a part of the Union duties of excise among the States.—**During each financial year commencing on and after the first day of April, 1952, there shall be paid out of the Consolidated Fund of India to each of the States specified in column 1 of the Table below such percentage of the distributable Union duties of excise as is set out against it in column 2:**

Provided that if any Part B State is entitled to receive in any financial year any grant of financial assistance by the Government of India by virtue of an agreement under clause (1) of article 278 of the Constitution, the State shall be entitled either to the amount of the said grant or to the total amount falling to its share out of the net proceeds of

*The President has, in pursuance of clauses (1) and (3) of article 117 and clause (1) of article 274 of the Constitution of India, recommended to the House of the People the introduction and consideration of the Bill

the distributable Union duties of excise under this Act and the net proceeds of the taxes on income under article 270 of the Constitution, whichever is greater.

TABLE

1 *State*		2 *Percentage*
Assam	...	**2·61**
Bihar	...	**11·60**
Bombay	...	**10·37**
Hyderabad	...	**5·39**
Madhya Bharat	...	**2·29**
Madhya Pradesh	...	**6·13**
Madras	...	**16·44**
Mysore	...	**2·62**
Orissa	...	**4·22**
Patiala & East Punjab States Union		**1·00**
Punjab	...	**3·66**
Rajasthan	...	**4·41**
Saurashtra	...	**1·19**
Travancore-Cochin	...	**2·68**
Uttar Pradesh	...	**18·23**
West Bengal	...	**7 16**

4. Expenditure to be charged on the Consolidated Fund of India.—Any expenditure under the provisions of this Act shall be expenditure charged on the Consolidated Fund of India.

5. Power to make rules.—The Central Government may, by notification in the Official Gazette, make rules providing for the time at which and the manner in which any payments under this Act are to be made, for the making of adjustments between one financial year and another and for any other incidental or ancillary matters.

STATEMENT OF OBJECTS AND REASONS

The Bill is intended to give effect to one of the recommendations of the Finance Commission that 40 per cent of the net proceeds of the Union duties of excise on matches, tobacco and vegetable product should be assigned to Part A States and Part B States (other than the State of Jammu and Kashmir).

The proviso to clause 3 secures to Part B States, which are in receipt of grants under agreements entered into with them with reference to clause (1) of article 278 of the Constitution, the continuance of such grants where the amounts thereof are in excess of the net proceeds of excise duties and taxes on income divisible among the States. The other

provisions of the Bill render expenditure thereunder charged on the Consolidated Fund of India and provide for the making of rules regulating incidental matters as envisaged in clause (2) of article 279 of the Constitution.

NEW DELHI;

C. D. DESHMUKH.

The 14th February, 1953.

FINANCIAL MEMORANDUM

The provisions of clause 3 of the Bill involve a payment of the order of Rs. 17·5 crores from the Consolidated Fund of India to the States at the existing level of revenue. The amount will vary from year to year depending on the actual net amount of the revenue under the excise heads mentioned in the Bill for that year.

2. No administrative expenditure will be incurred in carrying out the provisions of the Bill.

BILL NO. 12 OF 1953

A Bill to repeal the Hyderabad Paper Currency Act No. II of 1327F and to make certain provisions incidental thereto

BE it enacted by Parliament as follows:—

1. **Short title.**—This Act may be called the Hyderabad Paper Currency Repealing Act, 1953.

2. **Repeal of Hyderabad Paper Currency Act and savings.**—(*1*) The Hyderabad Paper Currency Act No. II of 1327F, as in force in the State of Hyderabad immediately before the commencement of this Act, shall stand repealed on and with effect from the first day of April, 1953.

(*2*) Notwithstanding such repeal, currency notes of denominational values exceeding one rupee issued under the provisions of the repealed Act and in circulation as legal tender in the State of Hyderabad immediately before the commencement of this Act shall continue to be legal tender in the State for such period or periods not exceeding three years from such commencement and to such extent and subject to such conditions, if any, as the Central Government may, by notification in the Official Gazette, determine.

STATEMENT OF OBJECTS AND REASONS

It has been decided that the Hyderabad Hali Sicca currency and coinage should be withdrawn and replaced by Indian currency with effect from the 1st April, 1953. Under the Indian Coinage Act, 1906, and the Currency Ordinance, 1940, as extended to Hyderabad, the O.S. rupee, half rupee, quarter rupee, two anna, one anna and one-sixth anna coins and one rupee currency notes will cease to be legal tender in the State of Hyderabad with effect from the 1st April, 1953. So far as the Hyderabad

currency notes of denominations higher than one rupee are concerned, the Hyderabad Paper Currency Act, No. II of 1327 Fasli, under which these notes are issued, imposes an obligation for the exchange of the notes into coins. Once the coins and one rupee notes cease to be legal tender on the 1st April, 1953, it will not be possible to fulfil this obligation and moreover the circulation of these notes indefinitely would be anomalous. It is therefore necessary to repeal the Hyderabad Paper Currency Act, No. II of 1327 Fasli, with effect from the 1st April, 1953. The present Bill accordingly seeks to repeal this Act.

To safeguard against any undue hardship being caused to the public by the repeal, it is proposed to continue the legal tender character of the Hyderabad currency notes of higher denominations for a limited period.

K. N. KATJU.

NEW DELHI;
The 22*nd February*, 1953.

BILL* No. 14 OF 1953

A Bill to give effect to the financial proposals of the Central Government for the financial year 1953-54

BE it enacted by Parliament as follows:—

1. Short title.—This Act may be called the Finance Act, 1953.

2. Income-tax and super-tax.—The provisions of section 2 of, and the First Schedule to, the Finance Act, 1951 (XXIII of 1951), as originally enacted, shall apply in relation to income-tax and super-tax for the financial year 1953-54 as they apply in relation to income-tax and super-tax for the financial year 1952-53 with the modifications that—

(*a*) for the figures "1950", "1951" and "1952", wherever they occur, the figures "1951", "1953" and "1954" shall respectively be substituted; and

(*b*) in the First Schedule,—

(*i*) in Part I, in the limits specified in the first proviso to paragraph A, for the figures "7200" and "3600", the figures "8400" and "4200" shall respectively be substituted;

(*ii*) in Part II, in clause (*iii*) of the first proviso to paragraph D, for the words "of the total income", the following shall be substituted, namely:—

"on so much of the total income as consists of dividends, if any, received or deemed to be received from a wholly subsidiary Indian company, and a rebate at the rate of six pies per rupee on any other income included in the total income".

3. Amendment of Act XI of 1922.—With effect from the 1st day of April, 1953, the following amendments shall be made in the Indian Income-tax Act, 1922, namely:—

(*a*) in sub-section (*2*) of section 9, after the first proviso, the following proviso shall be inserted, namely:—

"Provided further that where the property referred to in the preceding proviso consists of one residential house only and it

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*The President has, in pursuance of clauses (1) and (3) of Article 117 and clause (1) of Article 274 of the Constitution of India, recommended to the House of the People the introduction and consideration of the Bill.

cannot actually be occupied by the owner by reason of the fact that owing to his employment, business, profession or vocation carried on at any other place, he has to reside at that other place in a building not belonging to him and the residential house is not actually let and no other benefit therefrom is derived by the owner, the income of such property under this section shall, if the property was not occupied during the whole of the previous year be taken to be *nil*, and if it was occupied for a part of the previous year be computed proportionately, so however that the income in respect of such property shall in no case be a loss."

(*b*) after section 12A, the following section shall be inserted, namely:—

"12AA. *Royalties or copyright fees for literary or artistic works.*—Where the time taken by the author of a literary or artistic work in the making thereof is—

(*a*) more than twelve but less than twenty-four months, or

(*b*) more than twenty-four months,

the amount received or receivable by him during any previous year on account of any lump sum consideration for the assignment or grant of any of his interests in the copyright of that work, or of royalties or copyright fees (whether receivable in lump sum or otherwise), in respect of that work, shall, if he so claims, be allocated for purposes of assessment as hereunder—

(*i*) in the case referred to in clause (*a*), one-half of the amount of such lump sum, royalties or fees as the income of the previous year in which the whole amount is received or receivable, and the other half, as the income of the next succeeding previous year; and

(*ii*) in the case referred to in clause (*b*), one-third of the amount of such lump sum, royalties or fees as the income of the previous year in which the whole amount is received or receivable, and one-third of the said amount as the income of each of the two next succeeding previous years.

Explanation.—For the purposes of this section, the expression 'author' includes a joint author and the expression 'lump sum' in regard to royalties or copyright fees includes an advance payment on account of such royalties or copyright fees which is not returnable."

(*c*) for sub-sections (*1*) and (*2*) of section 15B, the following sub-sections shall be substituted, namely:—

"(*1*) The tax shall not be payable by an assessee in respect of any sums paid by him on or after the 1st day of April, 1953, as donations to any institution or fund to which this section applies:

Provided that in the case of a company this exemption shall apply only in respect of income-tax, and not in respect of super-tax payable by it:

Provided further that this exemption shall not apply—

(*a*) if the aggregate of the sums so paid by the assessee is less than two hundred and fifty rupees,

(*b*) to any sums paid in excess of one-twentieth of the assessee's total income as reduced by any portion thereof exempt from tax under any other provisions of this Act, or one hundred thousand rupees, whichever is less.

(*2*) This section applies to any institution or fund established in the taxable territories for a charitable purpose—

(*i*) the income whereof is exempt under clause (*i*) of sub-section (*3*) of section 4,

(*ii*) which is not expressed to be for the benefit of any particular community,

(*iii*) which is either constituted as a public charitable trust or is registered under the Societies Registration Act, 1860 (XXI of 1860), or under section 26 of the Indian Companies Act, 1913 (VII of 1913), or is a university established by law or any other educational institution recognised by, or affiliated to, any such university,

(*iv*) which is an institution financed wholly or in part by the Government or a local authority, and

(*v*) which maintains regular accounts of its receipts and expenditure."

(*d*) in sub-section (*1*) of section 24,—

(*i*) after the first proviso, the following proviso shall be inserted, namely:—

"Provided further that in computing the profits and gains chargeable under the head 'Profits and gains of business, profession or vocation', any loss sustained in a business consisting of speculative transactions shall not be taken into account except to the extent of the amount of profits and gains, if any, in any other business consisting of speculative transactions."

(*ii*) after the last proviso, the following Explanations shall be inserted, namely:—

"*Explanation 1.*—Where the speculative transactions carried on are of such a nature as to constitute a business, the business shall be deemed to be distinct and separate from any other business.

Explanation 2.—A speculative transaction means a transaction in which a contract for purchase and sale of any commodity including stocks and shares is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips:

Provided that a contract in respect of raw-materials or merchandise entered into by a person in the course of his manufacturing or merchanting business to guard against loss

through future price fluctuations in respect of his contracts for actual delivery of goods manufactured by him or merchandise sold by him shall not be deemed to be a speculative transaction."

(*e*) for sections 49A and 49AA, the following section shall be substituted, namely:—

"49A. *Agreement for granting relief in respect of double taxation or for avoidance thereof.*—The Central Government may enter into an agreement—

(*a*) with the Government of the State of Jammu and Kashmir or with the Government of any country outside India for the granting of relief in respect of income on which have been paid both income-tax (including super-tax) under this Act and income-tax in that State or in that country, as the case may be, or

(*b*) with the Government of any country outside India for the avoidance of double taxation of income, profits and gains under this Act and under the corresponding law in force in that country;

and may, by notification in the Official Gazette, make such provisions as may be necessary for implementing the agreement."

(*f*) after section 56, the following section shall be inserted, namely:—

"56-A. *Exemption from super-tax of certain dividends.*—(*1*) No super-tax shall be payable by a company on such part of its total income as consists of dividends received from an Indian company formed and registered after the 28th day of February, 1953, where—

(*i*) the Central Government is satisfied that the Indian company is wholly or mainly engaged in an industry for the manufacture or production of any one or more of the following, namely:—

(1) Coal, including coke and other derivatives;

(2) Iron and Steel;

(3) Motor and aviation fuel, kerosene, crude oils and synthetic oils (not being oil exploration);

(4) Heavy chemicals including fertilizers;

(5) Heavy machinery used in industry including ball and roller bearing and gear wheels and parts thereof, boilers and steam generating equipment;

(6) Machinery and equipment for the generation, transmission and distribution of electric energy;

(7) Non-ferrous metals including alloys;

(8) Paper including newsprint and paper board;

(9) Internal combustion engines;

(10) Power-driven pumps;

as specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (No. LXV of 1951), and

(*ii*) the income of the Indian company would have been exempt under the operation of section 15-C if the provisions of that section had been applicable thereto.

(2) The exemption specified in sub-section (1) shall apply also to dividends payable to a company in respect of any fresh capital raised by an Indian company after the 28th day of February, 1953, by public subscription for the purpose of increasing the production of, or starting a separate unit of, any one or more of the items specified in clause (*i*) of sub-section (1)."

4. Amendments to Act XXXII of 1934.—The Indian Tariff Act, 1934 (XXXII of 1934), shall be amended in the manner specified in the First Schedule.

5. Additional duties of Customs.—When any goods chargeable with a duty of Customs under the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934), or under that Schedule read with any notification of the Central Government for the time being in force, are assessed to duty, there shall, up to the 31st day of March, 1954, be levied and collected as an addition to, and in the same manner as, the total amount so chargeable—

(*a*) a sum equal to 155 per cent. of such amount, in the case of goods comprised in Items Nos. 22(2) and 22(4);

(*b*) a sum equal to 55 per cent. of such amount, in the case of goods comprised in Items Nos. 48, 48(2), 48(6) and 51(2), and in the case of textile manufactures specified in Item No. 49 when made wholly or mainly of any of the fabrics specified in Item No. 48, 48(1), 48(4), 48(5), 48(7) or 48(10);

(*c*) a sum equal to 45 per cent. of such amount, in the case of goods comprised in Item No. 47(2);

(*d*) a sum equal to 25 per cent. of such amount, in the case of goods comprised in any of the Items of the said Schedule other than those specified in clauses (*a*), (*b*) and (*c*) of this section or in the Second or the Third Schedule to this Act; and

(*e*) a sum equal to 5 per cent. of such amount, in the case of goods comprised in any of the Items of the said Schedule specified in the Third Schedule to this Act.

6. Alteration of certain duties of central excise.—With effect from the 28th day of February, 1953, the following amendments shall be made in the First Schedule to the Central Excises and Salt Act, 1944 (I of 1944):—

In Item No. 12, for the entries "Twenty per cent. *ad valorem*" and "Five per cent. *ad valorem*" in the last column against sub-items (1) and (2), the entries "Three annas and three pies per yard" and "One anna and three pies per yard" shall respectively be substituted.

7. Additional duties of excise.—The provisions of section 8 of the Finance Act, 1951 (XXIII of 1951) shall continue in force up to the 31st day of March, 1954, and accordingly in that section for the figures "1953", as substituted therein by section 3 of the Finance Act, 1952 (XXIX of 1952), the figures "1954" shall be substituted.

8. Discontinuance of Salt duty.—For the year beginning on the 1st day of April 1953, no duty shall be levied on salt manufactured in, or imported by sea or land into, the territory of India including the State of Jammu and Kashmir.

9. Inland postage rates.—The First Schedule to the Indian Post Office Act, 1898 (VI of 1898), as inserted therein by section 10 of the Finance Act, 1950 (XXV of 1950), shall be amended as follows:—

"(*i*) in column 2 of the entries under the heading "Book, Pattern and Sample Packets", for the words "Nine pies" and "Three pies", the words "One anna" and "Six pies" shall respectively be substituted; and

(*ii*) in column 2 of the entries under the heading "Parcels", for the words "Six annas", in both the places where they occur, the words "Eight annas" shall be substituted."

Declaration under the Provisional Collection of Taxes Act, 1931 (XVI of 1931)

It is hereby declared that it is expedient in the public interest that the provisions of clauses 4, 5, 6 and 7 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

THE FIRST SCHEDULE

(*See* SECTION 4)

A

In the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934), for Items Nos. 1, 9(5), 19, 20, 20(1), 20(2), 20(3) 21, 28(14), 28(26), 28(27), 28(28), 30(7), 31(5), 44(7), 45(4), 45(5), 48(1), 48(3), 48(4), 48(5), 48(7), 48(8), 48(9), 48(10), 49(1), 51, 52, 54, 56, 56(1), 59(2), 59(3), 59(4), 59(5), 60, 61, 75(1), 77(2), 83, 85, 86 and 86(1), the following Items shall be substituted and such substitutions shall be inserted in their appropriate places:—

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
1	Animals, living, all sorts not otherwise specified.	......	Free	......	......	
1 (1)	Horses of a value exceeding Rs. 2,000 each.	Revenue	20 per cent. *ad valorem.*	......	......	
9 (5)	Betel-nuts	Preferential Revenue.	10 annas per lb.	......	9 1/2 annas per lb.	
19	Biscuits	Revenue	66 2/3 per cent. *ad valorem.*	......	......	
19 (1)	Milk foods for infants and invalids, canned or bottled.	Revenue	17 1/2 per cent. *ad valorem.*	......	......	
19 (2)	Patent foods for infants and invalids, canned or bottled (other than milk foods falling under item 19 (1), and not containing cocoa or chocolate.)	Revenue	17 1/2 per cent. *ad valorem.*	......	......	

19 (3)	Cakes and farinaceous and patent foods, canned or bottled, not otherwise specified.	Revenue .	31 1/4 per cent. *ad valorem.*	......	......	
20	Vegetable product, pickles, chutnies, sauces, ketchups and condiments, canned or bottled.	Revenue .	66 2/3 per cent. *ad valorem.*	......	......	
20 (1)	Fruit juices, squashes, cordials and syrups not otherwise specified :—					
	(*a*) manufactured in a British colony.	Revenue .	55 per cent. *ad valorem.*	......	......	
	(*b*) not manufactured in a British colony.	Revenue .	65 per cent. *ad valorem.*	......	......	
20 (2)	Vegetables, canned or bottled, the following, namely : tomatoes, potatoes, onions and cauliflowers.	Preferential Revenue.	65 per cent. *ad valorem.*	......	55 per cent. *ad valorem.*	
20 (3)	Fruits, canned or bottled or otherwise packed, not otherwise specified :—					
	(*a*) manufactured in a British colony.	Protective .	55 per cent. *ad valorem.*	......	......	December 31st, 1953.
	(*b*) not manufactured in a British colony.	Protective .	65 per cent. *ad valorem.*	......	......	December 31st, 1953.
21	Canned or bottled provisions not otherwise specified.	Revenue .	66 2/3 per cent. *ad valorem.*	......	......	
28 (14)	Toilet requisites not otherwise specified.	Revenue .	66 2/3 per cent. *ad valorem.*	......	......	
28 (26)	Penicillin in bulk . . .	Preferential Revenue.	20 per cent. *ad valorem.*	14 per cent. *ad valorem.*	14 per cent. *ad valorem.*	
28 (26A)	Penicillin and its products not otherwise specified.	Preferential Revenue.	30 per cent. *ad valorem.*	24 per cent. *ad valorem.*	24 per cent. *ad valorem.*	

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
28 (27)	Antibiotics such as Streptomycin, gramicidin, tyrocidine and tyrothricin.	Preferential Revenue.	20 per cent. *ad valorem.*	14 per cent. *ad valorem.*	14 per cent. *ad valorem.*	
28 (28)	Sulpha drugs and vitamin preparations other than fish-liver oil.	Preferential Revenue.	20 per cent. *ad valorem.*	14 per cent. *ad valorem.*	14 per cent. *ad valorem.*	
30 (7)	Lead pencils	Protective .	8 annas per dozen or 66 2/3 per cent. *ad valorem*, whichever is higher.	......	......	December 31st, 1953.
31 (5)	Perfumery, not otherwise specified.	Revenue .	66 2/3 per cent. *ad valorem.*	......	......	
44 (7)	Newspapers, old, packed in bales, bags or otherwise.	Revenue .	66 2/3 per cent. *ad valorem.*	......	......	
45 (4)	Coloured and copying pencils .	Protective .	66 2/3 per cent. *ad valorem.*	......	......	December 31st, 1953.
45 (5)	Fountain pen ink . . .	Protective .	66 2/3 per cent. *ad valorem.*	......	......	December 31st, 1953.
48 (1)	Fabrics, not otherwise specified, containing more than 90 per cent. of artificial silk—					
	(*a*) of British manufacture .	Protective .	80 per cent. *ad valorem.* or 7 annas per square yard, whichever is higher.	......	......	December 31st, 1953.

	(*b*) not of British manufacture	Protective .	100 per cent. *ad valorem* or 14 annas per square yard whichever is higher.	....	....	December 31st, 1953.
48 (3)	Cotton fabrics not otherwise specified, containing more than 90 per cent. of cotton —					
	(*a*) Grey piecegoods (excluding bordered grey chadars, dhuties, saris and scarves) —					
	(*i*) of British manufacture	Revenue .	65 per cent. *ad valorem.*	...	......	
	(*ii*) not of British manufacture.	Revenue .	100 per cent. *ad valorem.*	....	......	
	(*b*) Printed piecegoods and printed fabrics —					
	(*i*) of British manufacture	Revenue .	60 per cent. *ad valorem.*	....	....	
	(*ii*) not of British manufacture.	Revenue .	100 per cent. *ad valorem.*	....	....	
	(*c*) Cotton piecegoods and fabrics not otherwise specified —					
	(*i*) of British manufacture	Revenue .	60 per cent. *ad valorem.*	....	....	
	(*ii*) not of British manufacture.	Revenue .	100 per cent. *ad valorem.*	....	....	

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
48 (4)	Fabrics, not otherwise specified, containing more than 10 per cent. and not more than 90 per cent. silk—					
	(a) containing more than 50 per cent. silk or artificial silk or both.	Protective . .	100 per cent. *ad valorem* plus Rs. 3 per lb.	....	....	December 31st, 1953.
	(b) containing not more than 50 per cent. silk or artificial silk or both :—					
	(i) containing more than 10 per cent. artificial silk.	Protective . .	100 per cent. *ad valorem* or Rs. 3 per lb. whichever is higher.	....	....	December 31st, 1953.
	(ii) containing no artificial silk or not more than 10 per cent. artificial silk.	Protective . .	100 per cent. *ad valorem*.	....	....	December 31st, 1953.
48 (5)	Fabrics, not otherwise specified, containing no silk or containing not more than 10 per cent. silk but more than 10 per cent. and not more than 90 per cent. artificial silk—					

	(a) containing 50 per cent. or more cotton :—					
	(i) of British manufacture	Protective	80 per cent. *ad valorem* or 5½ annas per square yard, whichever is higher.	....	....	December 31st, 1953.
	(ii) not of British manufacture	Protective	100 per cent. *ad valorem* or 11 annas per square yard, whichever is higher.	...	....	December 31st, 1953.
	(b) containing no cotton or containing less than 50 per cent. cotton—					
	(i) of British manufacture	Protective	80 per cent. *ad valorem* or 7 annas per square yard, whichever is higher.	...	....	December 31st, 1953.
	(ii) not of British manufacture	Protective	100 per cent. *ad valorem* or 14 annas per square yard, whichever is higher.	....	....	December 31st, 1953.
48 (7)	Fabrics, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool, but containing more than 50 per cent. cotton and not more than 90 per cent. cotton—	....	....	....	....	December 31st, 1953.
	(a) of British manufacture	Protective	70 per cent. *ad valorem*.	....	....	December 31st, 1953.

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
	(b) not of British manufacture	Protective . .	100 per cent. *ad valorem.*	....	....	December 31st, 1953.
48 (8)	Fabrics, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk, or 10 per cent. wool or 50 per cent. cotton.	Revenue . .	100 per cent. *ad valorem.*	....	....	
48 (9)	The following cotton fabrics, namely, Sateens including Italians of Sateen weave, velvets and velveteens and embroidered all-overs—	....	....	....	....	
	(a) printed fabrics—					
	(i) of British manufacture	Revenue . .	80 per cent. *ad valorem.*	....	....	
	(ii) not of British manufacture	Revenue . .	100 per cent. *ad valorem.*	....	....	
	(b) Other fabrics—					
	(i) of British manufacture.	Revenue . .	75 per cent. *ad valorem.*	....	....	
	(ii) not of British manufacture.	Revenue . .	100 per cent. *ad valorem.*	....	....	
48 (10)	Fabrics containing gold or silver thread.	Revenue . .	100 per cent. *ad valorem.*	....	....	

49 (1)	Fents, being *bona fide* remnants of piecegoods or other fabrics—				
	(*a*) of materials liable to duty under Item 48(3), not exceeding 4 yards in length.	Preferential revenue.	75 per cent. *ad valorem*.	65 per cent. *ad valorem*.	....
	(*b*) of materials liable to duty under Item 48, 48(1), 48 (4) or 48(5), not exceeding 2½ yards in length.	Preferential revenue	75 per cent. *ad valorem*.	65 per cent. *ad valorem*.	....
	(*c*) of other materials not exceeding 4 yards in length.	Preferential revenue.	75 per cent. *ad valorem*.	75 per cent. *ad valorem*.	....
51	Socks and stockings made wholly or mainly from silk or artificial silk.	Revenue	100 per cent. *ad valorem*.	....	....
52	Apparel, hosiery, haberdashery, millinery and drapery, not otherwise specified.	Revenue	66 2/3 per cent. *ad valorem*.	....	....
54	Boots and shoes	Revenue	100 per cent. *ad valorem* or Rs. 1-8-0 per pair, whichever is higher.	....	....
56	Parasols and Sunshades and fittings for umbrellas, parasols and sunshades.	Revenue	100 per cent. *ad valorem*.	....	....
56 (1)	Umbrellas	Revenue	100 per cent. *ad valorem* or Rs. 2 each, whichever is higher.	....	....
59 (2)	Earthenware, china and porcelain, all sorts not otherwise specified.	Revenue	66 2/3 per cent. *ad valorem*.	....	....

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
59 (3)	Earthenware, pipes and sanitary ware.	Revenue	66 2/3 per cent. *ad valorem.*	....	....	
5` (4)	Tiles of earthenware and porcelain.	Revenue	66 2/3 per cent. *ad valorem* or 8 annas per square foot whichever is higher	...	....	
59 (5)	Domestic Earthenware, china and porcelain, namely tea cups, coffee cups, saucers, tea pots, sugar bowls, jugs and plates of all kinds and sizes.	Revenue	66 2/3 per cent. *ad valorem.*	....	....	
60	Glass and glassware, not otherwise specified.	Revenue	66 2/3 per cent. *ad valorem.*	....	....	
61	Precious stones, unset and imported uncut, not otherwise specified, and pearls unset.	Revenue	20 per cent. *ad valorem.*	....	....	
1(6)	Emeralds, unset and imported uncut.	....	Free.			
75 (1)	Motor cars, including taxi cabs imported completely assembled.	Preferential Revenue.	75 per cent. *ad valorem.*	72 per cent. *ad valorem.*	....	
77 (2)	Scientific and Surgical Instruments, apparatus and appliances.	Revenue	25 per cent. *ad valorem.*	....	....	

83	Brushes, all sorts . . .	Revenue .	66 2/3 per cent. *ad valorem.*	....	....	
85	Buttons, studs and cuff-links—					
	(*a*) Made of metals other than gold or silver.	Protective .	66 2/3 per cent. *ad valorem.*	....	....	December 31st, 1953.
	(*b*) Made of porcelain . .	Protective .	66 2/3 per cent. *ad valorem.*	....	....	December 31st, 1953.
	(*c*) Not otherwise specified, but excluding jewellery and articles made of glass or plated with gold or silver or both.	Protective .	66 2/3 per cent. *ad valorem.*	....	....	December 31st, 1953.
86	Prints, Engravings and pictures (including photographs and picture post cards), not otherwise specified.	Revenue .	25 per cent. *ad valorem.*	....	....	
86 (1)	Art, works of, not otherwise specified.	Revenue .	25 per cent. *ad valorem*	....	....	

B.

In the First Schedule to the India Tariff Act, 1934—

(*i*) after Item No. 28, the following Item shall be inserted namely :—

28A.	Patent or proprietary medicines as defined in clause (d) of Section 3 of the Drugs Act, 1940 (XXIII of 1940), not containing spirit and not otherwise specified.	Preferential Revenue.	50 per cent. *ad valorem.*	40 per cent. *ad valorem.*	40 per cent. *ad valorem.*	

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A British Colony	
	(ii) after Item No. 70(9), the following Item shall be inserted, namely :—					
70 (10)	Door and window hinges and bolts	Revenue .	66 2/3 per cent. *ad valorem.*	....	....	
70 (11)	Locks, all kinds . . .	Revenue .	66 2/3 per cent. *ad valorem.*	....	....	
	(iii) after Item No. 85(1), the following Item shall be inserted, namely :—					
85 (2)	Suit cases, trunks, and bags, not otherwise specified.	Revenue .	66 2/3 per cent. *ad valorem.*	....	....	

THE SECOND SCHEDULE

(*See* SECTION 5)

Goods on which additional duty of customs is not leviable

Goods comprised in the following Items of the First Schedule to the Indian Tariff Act, 1934, namely,—

1(1), 2, 4(1), 4(3), 4(4), 4(5), 7(1), 8(1), 8(4), 8(5), 9(5), 9(6), 9(7), 12(6), 13(8), 13(9), 15(5), 15(9), 15(10), 15(11), 15(12), 16, 16(1), 16(3), 19, 19(1), 19(2), 19(3), 20, 20(1), 20(2), 20(3), 20(6), 20(7), 21, 21(4), 21(5), 21(6), 21(7), 21(8), 21(9), 22(3), 22(5), 27(1), 27(3), 27(4), 27(9), 28A, 28(14), 28(21), 28(22), 28(23), 28(24), 28(25), 28(26), 28(26A), 28(27), 28(28), 28(29), 28(30), 30(1), 30(2), 30(7), 30(11), 30(12), 30(13), 31(4), 31(5), 40(6), 40(7), 44(1), 44(7), 45(3), 45(4), 45(5), 48(1), 48(4), 48(5), 48(7), 48(8), 48(9), 48(10), 49(c), 49(1), 49(2), 51, 52, 52(4), 53(2), 54, 55(1), 55(2), 55(3), 56, 56(1), 59(2), 59(3), 59(4), 60, 60(4), 60(5), 61, 61(11), 70(10), 70(11), 71(9), 71(10), 72(4), 72(5), 72(26), 72(27), 72(28), 73(4), 73(8), 73(9), 73(10), 73(11), 73(12), 74(4), 75(1), 76, 77(2), 77(4), 78(1), 79, 83, 84(1), 85, 85(2), 86 and 86(1).

THE THIRD SCHEDULE

(*See* SECTION 5)

Goods on which additional duty of customs at 5 per cent. is leviable

Goods comprised in the following Items of the First Schedule to the Indian Tariff Act, 1934, namely,—

4, 8(2), 9(3), 11(2), 11(4), 11(5), 11(6), 13(4), 15, 21(3), 24, 24(1), 24(2), 24(3), 25(1), 27(2), 27(4), 27(5), 27(6), 27(7), 27(8), 28, 28(4), 28(8), 28(15), 28(16), 28(17), 28(18), 28(19), 28(20), 28(31), 29, 29(1), 30, 30(9), 30(10), 34(3), 40(4), 40(5), 43, 44, 45, 46, 46(3), 47, 55, 60(2), 60(3), 60(6), 60(7), 61(2), 61(3), 61(8), 61(9), 62(1), 62(2), 63(14), 63(30), 63(31), 63(32), 63(33), 63(34), 63(35), 64, 64(3), 64(4), 65, 66, 66(1), 67, 67(1), 67(2), 68, 68(2), 69(2), 70, 70(1), 70(2), 70(3), 70(4), 70(5), 70(6), 70(9), 71(2), 71(3), 71(7), 71(8), 71(11), 72, 72(1), 72(2), 72(3), 72(11), 72(12), 72(13), 72(14), 72(15), 72(16), 72(17), 72(18), 72(19), 72(20), 72(21), 72(22), 72(23), 72(24), 72(25), 72(33), 72(34), 73(2), 73(7), 73(14), 73(15), 73(16), 74(2), 75, 75(2), 75(3), 75(5), 75(6), 75(7), 75(8), 75(9), 75(10), 75(11), 75(12), 75(13), 77(5), 78, 82(1), 82(3), 84 and 85(1).

STATEMENT OF OBJECTS AND REASONS

The object of this Bill is to give effect to the financial proposals of the Government of India for the next financial year, and to provide for certain connected matters.

The Bill prescribes, as usual, the rates of income-tax and super tax and surcharges thereon, for the next financial year. Only two minor modifications are proposed, namely—

(i) the minimum taxable limit in the case of a Hindu Undivided Family has been raised from Rs. 7,200 to Rs. 8,400 and in every other case from Rs. 3,600 to Rs. 4,200.

(ii) the super-tax rebate admissible to a public company which does not declare and distribute dividends in India has been retained at one anna in the rupee in respect of dividends received by it from a wholly subsidiary Indian company and has been reduced from one anna to six pies in the rupee on any other income.

The exemption limit is being raised mainly as a matter of administrative convenience to relieve the Department of a large number of small assessments so as to enable it to give greater attention to the larger assessments. The reason for reducing the super-tax rebate in respect of income other than dividends received from a wholly subsidiary Indian company is to reduce the disparity which at present exists between the tax payable when a foreign company operates through a branch in India and the aggregate tax payable (including the super-tax payable by the parent company on the dividends) when it operates through a wholly Indian company. Certain amendments which are considered desirable are also being made in the Indian Income-tax Act. These were not included in the Indian Income-tax (Amendment) Bill, 1952, which is before Parliament.

The existing duties of excise on fine and super-fine cloth will be replaced by wholly specific duties.

It is proposed to levy an import duty on horses costing over Rs. 2,000, precious stones unset and imported uncut and pearls, as these semi-luxuries can easily bear a duty. A number of other import duties is also being readjusted.

Provision is also made for the increase in the existing postal rates for packets and parcels.

C. D. DISHMUKH.

NEW DELHI;

The 26th Feburary, 1953.

NOTES ON CLAUSES

Clause 2 continues for the financial year 1953-54, the rates of income-tax, super-tax and surcharge thereon as specified in the Finance Act, 1951, with two minor modifications, namely—

(i) the minimum taxable limit in the case of a Hindu Undivided Family has been raised from Rs. 7,200 to Rs. 8,400 and in every other case from Rs. 3,600 to Rs. 4,200.

(ii) the super-tax rebate admissible to a public company which does not declare and distribute dividends in India has been retained at one anna in the rupee in respect of dividends received by it from a wholly subsidiary Indian company and has been reduced from one anna to six pies in the rupee on any other income.

Clause 3 makes certain amendments in the Indian Income-Tax Act, 1922. The changes are—

Sub-clause (a) gives exemption in respect of the annual value of a residential house which the owner is unable to occupy by reason of his occupation or employment elsewhere. This removes a hardship.

Sub-clause (b) gives relief to authors and artists in the assessment of their income from royalties or copyright where they have devoted more than a year in the making of the literary or artistic work.

Sub-clause (c) widens the scope of exemption of donations to any charitable institutions which satisfy certain conditions, though the limit of the exemption has been reduced in the case of a person other than a company from one-tenth to one-twentieth. The overall limit has also been reduced from Rs. 2½ lakhs to Rs. 1 lakh.

Sub-clause (d) restricts the set-off of speculation losses against speculation profits only and not against any other income.

Sub-clause (e) enables the Central Government to enter into agreements with other countries for relief from, or avoidance of, double taxation.

Sub-clause (f) grants exemption in respect of dividends received by a company from specified new industrial undertakings or in respect of dividends received in respect of fresh capital issued by existing companies engaged in the specified industries.

Clause 4 seeks to impose new duties and vary certain existing duties. The main changes are—

(a) New duties are being imposed on horses costing over Rs. 2,000 each and precious stones and pearls imported unset and uncut. (b) The duties on certain essential medical supplies like penicillin in bulk, anti-biotics and sulpha drugs, scientific and surgical instruments and on prints, engravings, pictures, etc., are being reduced. (c) Duties on a number of items are also being increased to yield some additional revenue.

Clause 5 continues for another year the existing surcharges on customs duties.

Clause 6 replaces the existing *ad valorem* duties on fine and super-fine cloth by specific duties.

Clause 7 continues for another year the surcharge on certain excise duties imposed by the Finance Act, 1951.

Clause 8 maintains the discontinuance of the salt duty for another year.

Clause 9 provides for an increase of the existing postal rates for parcels and packets.

M. N KAUL,
Secretary.

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